Ontario

Frequently Asked Questions

MINISTRY of ENERGY and Mines

July 2025

The Minister of Energy and Electrification (now Energy and Mines) directed the Independent Electricity System Operator (IESO) to launch the second long-term procurement for electricity supply (the "LT2") in 2025 and set out a number of parameters for the procurement including targets, contract length, siting restrictions and requirements, and incentives to be integrated into the IESO evaluation process.

The government has directed that all projects applying for an LT2 contract will have to demonstrate municipal support in the form of a municipal support resolution at the time of bid submission.

Prior to operation, projects would also need to obtain any applicable permits, permissions or approvals. For example:

- Renewable Energy Approval or Environmental Compliance Approval
- Environmental assessment
- Zoning by-law amendments, if applicable
- Agricultural impact assessment, if located in Prime Agricultural Areas
- Grid connection approvals
- Building permits
- Other required municipal approvals, which may vary by project – e.g. site plan, emergency management plan, community benefit agreement

Frequently Asked Questions

What is the Long-Term 2 Request for Proposals?

The Second Long-Term Request for Proposals (LT2 RFP) is a large-scale competitive electricity generation and storage procurement LT2 will be a series of annual procurements, with contract awards from 2026 to 2029, to procure new resources that can come online from 2029 to 2034. This framework will encourage proponents to develop a project pipeline, as they will have multiple opportunities to bid projects, and provide more time for community engagement.

The LT2 RFP will be designed to be transparent, competitive, and technology-agnostic to ensure the province can procure the electricity generating and storage resources required at a competitive price.

Why is Ontario procuring more electricity resources?

Ontario's Independent Electricity System Operator (IESO) forecasts that the province's total electricity demand is expected to increase by 75 per cent by 2050.

The province has secured enough power to meet our immediate needs, but Ontario is now procuring electricity resources to address the province's needs emerging in 2029 and beyond.

The LT2 RFP, is expected to help provide the reliable and affordable electricity necessary to allow communities to grow and attract new investments and jobs.

Successful resources will help meet our emerging energy and capacity needs and could include wind, solar, natural gas, energy storage, bioenergy and hydroelectric generation.

The IESO has been working with municipalities and Indigenous communities to learn more about their plans for growth. The IESO has also shared information on the role of municipalities in the procurement process – so that they have the information they need to make the right decisions for their communities.

Detailed information about roles and responsibilities throughout the procurement process is discussed in IESO's "Start to Finish: How Electricity Projects are Developed in Your Community" brochure and stakeholders can reach out to engagement@ieso.ca with any questions.

Will natural gas fired electricity generation be eligible?

Yes. All technologies will be eligible. Our government is committed to ensuring an affordable, reliable, and clean electricity system.

Expanding eligibility to all resource types, in a technology-agnostic procurement), will ensure we secure the lowest-cost resources, meeting our energy needs while protecting both taxpayers and ratepayers.

Will natural gas be able to compete for contracts that run past 2050?

Natural gas resources in the energy stream are limited to those with a nameplate capacity of 45 MW and under. Natural gas resources of any size can participate in the capacity stream. Depending on the projects that are successful in each window of the procurement, some natural gas projects could have contracts that run past 2050.

Will this procurement prioritize moving toward a net-zero grid?

LT2 is a technology agnostic competitive procurement (i.e., both emitting and non-emitting resources will be eligible); however, it is expected to secure primarily wind, bioenergy, and solar projects in the energy stream, given their short lead times and cost competitiveness.

What is causing the demand for electricity to increase?

The province has attracted historic economic investments in the industrial sector, including electric vehicle and battery manufacturers, as well as green steel producers. These investments, coupled with electrification and population growth, have seen electricity demand rise for the first time since 2005.

At the same time, refurbishment schedules at Ontario's nuclear facilities and expiring electricity supply and capacity contracts mean that additional electricity resources will be required to meet Ontario's growing needs.

Forecasts indicate Ontario's electricity demand could continue to rise sharply due to growth in several sectors, including digital services and artificial intelligence.

How much capacity is IESO procuring?

The IESO has already procured almost 3,000 megawatts (MW) of new battery storage from 26 projects, ranging from 5 MW to 390 MW in capacity, and representing significant economic interest from Indigenous communities. These projects will enter service from 2025 to 2028.

The Second Long-Term Procurement (LT2) will procure up to 1,600 megawatts (MW) of additional capacity resources that can enter service by 2034. This is enough capacity to meet the peak needs of about 1.6 million homes. The first LT2 window is expected to procure 600 MW of capacity that can come online from 2029 to 2030.

When will the Long-Term 2 procurement process launch?

The LT2 RFP would officially launch when the Request for Proposals documents are finalized. Proponents would then have a period of time to submit proposals. IESO is expecting to publish final LT2 RFP documents in Q2 2025 and targeting a Q3 2025 deadline for energy proposals and a Q4 2025 deadline for capacity proposals.

Timelines

How long will it take for the procurement to be complete?

The IESO is proposing up to 4 annual windows for bid submissions. The first submission window would have a proposal submission deadline in Q3 2025, with contracts awarded in Q2 2026 and expected commercial operation in 2029/2030.

Subsequent annual submission windows are expected to follow a similar schedule. All LT2 contracts must be awarded by March 31, 2029, with all projects in service by May 1, 2034.

Municipal Roles and Responsibilities

What decisions are municipalities responsible for in this procurement process?

Communities can't grow without more electricity, and they also need to have a voice in how their energy needs will be met. The IESO's procurement process will enable municipalities to engage with developers on their terms to ensure that safety and environmental impacts are understood and explore additional project benefits for the community.

Proponents must obtain a municipal support resolution at the time of proposal submission for all projects that are in a municipality including projects on Crown land within an organized municipality. Once a contract has been awarded under the proposed LT2 RFP and before a project is constructed, municipalities would be involved in approving zoning by-law amendments (where required), issuing building permits, and agricultural impact assessments if required.

What are the zoning requirements for potential electricity generation projects?

Zoning by-laws vary from municipality to municipality across the province. Developers need to work with the municipality to ensure that they obtain any necessary zoning by-law amendments or other permissions required under the Planning Act such as site plan approvals.

Community Benefit Agreements

What is a Community Benefit Agreement (CBA)?

A community benefit agreement is a contract negotiated and signed by a municipality and a developer that requires the developer to provide specific funding, amenities and/or mitigations to the local community or neighbourhood. The municipality can stipulate that a CBA be a requirement for a municipal support resolution.

Examples of provisions of CBAs could include, but are not limited to, lump sum payments, output-based payments, support for training and other municipal costs like firefighting equipment.

Is a CBA required?

No, developers are not required to sign a CBA in order to be eligible for the proposed LT2 RFP. However, municipalities and developers are encouraged to seek to negotiate and conclude a CBA to address priorities and opportunities in a potential host community. Municipalities may choose to require a CBA as a condition in passing a municipal support resolution.

How can Indigenous communities and/or Indigenous businesses participate in and benefit from a proposed project?

Indigenous communities play an important role in the procurement process for the proposed LT2 RFP. Projects that include Indigenous partnerships would be given additional consideration during the IESO proposal evaluation process.

Municipal Support Resolution

What is a Municipal Support Resolution?

Municipalities are responsible for deciding whether to host a project or projects within their jurisdiction in the IESO's long term procurements. A municipality can demonstrate their willingness to host these projects through a municipal support resolution. The resolution is a mandatory requirement in the IESO's procurement and must be provided at the time of bid submission for proposed LT2 RFP (if the necessary approvals are obtained).

A municipal support resolution indicates that the municipality would support the development, construction and operation of a project, should it be selected under the procurement, and provided it can obtain all necessary permits and approvals.

In consultation with the Ministry of Energy and Electrification, the IESO has provided a template municipal support resolution, for consideration to municipalities, on their LT2 RFP webpage. Municipalities should review this IESO template as the resolution must include sufficient detail, and comment on specific items, for the proposed project to be eligible in LT2.

What if our community does not want a project and does not issue a Municipal Support Resolution?

If a proposal was submitted for a project within the municipal boundaries without a confirmation of municipal support, the proposal would not be able to proceed further in the procurement process.

Can mayors with strong mayor authorities be able to use them to overturn council decisions on municipal support resolutions?

The mayor will not be able to use the power for this purpose. In a strong mayor municipality, the head of council can **bring forward matters for council consideration** if they are of the opinion that considering the matter could potentially advance a prescribed provincial priority. These matters do not have to be related to by-laws or specific acts.

Currently, the **prescribed provincial priorities** are:

1. Building 1.5 million new residential units by December 31, 2031.
2. Constructing and maintaining infrastructure to support housing, including:
    i. transit,
    ii. roads,
    iii. utilities, and
    iv. servicing.

The head of council can also **propose certain municipal by-laws** if they are of the opinion that the proposed by-law could potentially advance a prescribed provincial priority. They may also choose to **veto certain by-laws** if they are of the opinion that all or part of the by-law could potentially interfere with a prescribed provincial priority.

    - The strong mayor by-law power and veto power related to provincial priorities can only be applied to by-laws, not resolutions. Specifically, the head of council can only propose/ veto by-laws made under the following acts:
        - the Municipal Act, 2001
        - the City of Toronto Act, 2006
        - the Planning Act
        - section 2 of the Development Charges Act
- Please see the Municipal Councillor's Guide for more information about strong mayor powers.

Environmental/Health/Safety Concerns

What rules are in place to protect the local environment when projects are constructed and operated?

In general, renewable energy projects such as wind, solar and bio-energy generation facilities are required to obtain a Renewable Energy Approval (REA) from the Ministry of the Environment, Conservation and Parks (MECP) prior to proceeding with construction and operation. Each REA is issued with conditions that are intended to mitigate and/or minimize the facility's impacts on the local environment and address health and safety. For more details about REA requirements consult: Renewable Energy Approvals | ontario.ca

Battery Energy Storage Systems and non-renewable energy generation facilities, such as natural gas power plants, are typically required to obtain MECP approvals depending on facility components and emissions, including (but not limited to) Environmental Compliance Approvals (ECAs) for air/noise emissions, wastewater treatment and discharge, and/or waste management.

Each ECA is issued with conditions that are intended to mitigate and/or minimize the facility's impacts on the local environment, and address health and safety. For more information on ECA requirements consult: Environmental Compliance Approval | ontario.ca.

Will the procurement disrupt wildlife?

There are a number of mechanisms from planning through to ongoing operations of new facilities designed to avoid, identify, monitor and mitigate impacts to fish and wildlife.

The Provincial Planning Statement, 2024 (PPS) and provincial plans (e.g., Greenbelt, ORMCA and NEDPA, etc.) include policies where development can and cannot occur in certain natural heritage features that provide habitat for fish and wildlife. Municipalities must be consistent with the PPS and conform to provincial plans when implementing these policies through municipal official plans and zoning by-laws, and when making day-to-day

decisions on planning matters. These planning decisions may also be reinforced through further approval and permitting processes where impacts cannot be avoided.
New renewable energy project proponents are required to obtain a Renewable Energy Approval (REA) from MECP which includes a natural heritage assessment (NHA) as part of their application.

These assessments identify, mitigate and/or avoid to the extent possible, impacts on the natural environment including wildlife. Requirements related to species at risk may also apply depending on project location.

In addition to the NHA requirements, the REA Regulation requires applicants proposing wind power projects to prepare an Environmental Effects Monitoring Plan in accordance with MNR's Bird and Bat Guidelines. These guidelines provide guidance on identifying and assessing bird and bat habitat and addressing potential negative effects on bats and birds and their habitats during the planning, construction and operation of onshore wind power projects in Ontario.

For new waterpower projects, proponents will have to complete a class environmental assessment which sets out a planning process for small to medium scale waterpower projects, such as new facilities less than 200 megawatts in capacity and most expansion projects. New facilities 200 megawatts or larger must undergo an individual environmental assessment.
During the planning process, the Ministry of Natural Resources (MNR) will identify applicable legislative and regulatory requirements under the Lakes and Rivers Improvement Act (LRIA) that must be satisfied prior to the approval of the location of the dam, its design and construction, and the operating plan for the proposed facility.

Waterpower projects may also be subject to requirements established under federal, provincial and municipal regulatory schemes, such as the federal Fisheries Act and Species at Risk Act, and Ontario's Endangered Species Act.

How close in proximity can projects be to residential areas?

Setbacks for electricity generation facilities depend on a number of factors outlined in several MECP technical guidance documents. These include:

- Ontario Noise Guidelines for Wind Farms
- Ontario Compliance Protocol for Wind Turbine Noise
- Ontario Environmental Noise Guideline - Stationary and Transportation Sources - Approval and Planning (NPC-300)
- Information to be submitted for approval of stationary sources of sound (NPC- 233)

Are there fire risks from battery storage?

In 2023, Energy Storage Canada (ESC) commissioned their "BESS Thermal Runaway & Fire Risk" report in which an independent engineering firm, BBA, found that none of the

battery technologies being proposed in Ontario have ever experienced a runaway fire incident.

The Ontario Fire Marshal (OFM) has confirmed that every Fire Chief in Ontario has a designated advisor within OFM, should the fire department wish to raise questions about BESS fire risk mitigation.

Moreover, Energy Storage Canada (ESC) partnered with the Ontario Association of Fire Chiefs (OAFC) to launch a 'Solar Electricity and Battery Storage Systems Safety Handbook for Firefighters' in September 2023.

Are there minimum setback requirements for utility scale battery storage?

There are no Canadian Codes or standards that apply directly to battery storage. Municipalities may choose to require developers to conform with existing American Standards such as:

- National Fire Protection Association – USA
    - NFPA 551, Guide for the Evaluation of Fire Risk Assessments 2022 Edition
    - NFPA 850, Recommended Practice for Fire Protection for electric Generating Plants and High Voltage Direct Current Converter Stations 2020 Edition
    - NFPA 855, Standard for Installation of Stationary Energy Storage Systems 2023 Edition
- Underwriters Laboratories – USA
    - UL 1973, Batteries for Stationary and Motive Auxiliary Power Applications 2022 Edition
    - UL 9540, Energy Storage Systems and Equipment 2020 2nd Edition
    - UL 9540A, Test Method for Evaluating Thermal Runaway Fire Propagation in Battery Energy Storage Systems 2019 4th Edition
- Institute of Electrical and Electronics Engineers – USA
    - IEEE 979, Guide for Substation Fire Protection 2012 Edition
    - IEEE 2030.2.1, Guide for the Design, Operation, and Maintenance of Battery Energy Storage Systems, both Stationary and Mobile, and Application Integrated with Electric Power Systems 2019 Edition

Will projects impact prime agricultural land?

Protecting prime agricultural land is critical to the success of the agri-food industry. To recognize the economic benefits that the agricultural industry provides, while supporting Ontario's growing electricity demand in a way that considers impacts to Ontario's agricultural land and farm businesses, the government has asked the IESO to develop a procurement that, subject to obtaining the necessary approvals:

- Provides rated criteria points for projects that avoid prime agricultural areas.
- Ensures no new projects may be built in specialty crop areas as defined by the municipality's or Northern planning board's Official Plan (e.g., Holland Marsh, Niagara Peninsula Tender Fruit and Grape Area, etc.).
- Builds upon the requirements in the Provincial Planning Statement 2024 and prohibit ground-mounted solar projects from prime agricultural areas as defined by the municipality's or Northern planning board's Official Plan.
- Requires that all other eligible resource types may only locate on lands which constitute Prime Agricultural Areas if they have received municipal council support and completed an Agricultural Impact Assessment (AIA) to the satisfaction of the municipality.
- If an eligible project is proposed in a Prime Agricultural Area, then the municipality's support resolution must include confirmation that the proponent evaluated alternative locations prior to selecting this site.

Does the AIA Component One Requirement result in the selection of alternative site(s) for a proposed project?

- The AIA Component One Requirement does not require a proponent to offer a municipality more than one location for their proposed project. This step requires proponents to demonstrate that they have conducted an evaluation of alternative locations, including a description of the reasons why those locations were determined to be unsuitable/unviable and thus dismissed.
- This process helps parties consider how impacts from new or expanding non-agricultural uses may be avoided, which is part of an Agricultural Impact Assessment (AIA). Where avoidance is not possible, impacts are to be minimized and mitigated through the completion of the AIA Components Two and Three Requirement (e.g., within 18-months after being selected for a contract).
- In that sense, elements of an AIA have simply been broken apart into two steps for the procurement, in part so that alternative locations can be meaningfully considered before a project is evaluated by the IESO and the final location is determined. The first step (i.e., the AIA Component One Requirement) is similar to how alternative locations are considered as part of policy 4.3.5.1 b) 4. contained in the Provincial Planning Statement (2024), which some municipalities may be familiar with.
- Both AIA Requirements established through the LT2 procurements must be completed to the satisfaction of the Local Municipality. It is acknowledged that individual municipalities may have local considerations that are more specific and thus add to, or scope, the general ministry guidelines offered for assistance.

Cost

What is the projected effect on electricity consumers?

To ensure IESO secures the lowest-cost projects for electricity consumers, the LT2 RFP will be a technology-agnostic competitive procurement.

Successful resources will help meet our emerging energy needs and could include wind, solar, natural gas, energy storage, bioenergy and hydroelectric generation.

There would be no cost to consumers from the proposed LT2 RFP until the projects are in operation. The ultimate cost will depend on the bid submitted into the procurement.

Will the procurement have any effect on municipal finances?

The IESO's procurement process would also enable municipalities to engage with developers on their terms. Municipalities are empowered to explore additional project benefits for the community through, for example, Community Benefit Agreements.

Indigenous Community Engagement and Participation

What steps will be taken to ensure meaningful consultation and engagement is undertaken with Indigenous communities?

The IESO encourages project developers to conduct early and meaningful engagement with Indigenous communities. Early engagement provides an opportunity for proponents to support strong and respectful relationships with Indigenous communities by building respectful relationships, and to gain an understanding of any potential project impacts and how to appropriately mitigate or accommodate those impacts. Proponents will be required to deliver a Pre-Engagement Confirmation Notice to all local municipalities with authority over the proposed site prior to bid submission. The municipal support resolution must confirm that the proponent has committed to undertake, or has undertaken, Indigenous community engagement activities for their proposed project.

Projects may require environmental approvals, permits or authorizations that may have their own respective Indigenous consultation requirements. For technology types that are not subject to a provincial environmental approval framework, such as standalone battery storage projects, the IESO contract includes specific requirements to ensure that the Crown's Duty to Consult is met.

Encouraging meaningful partnerships with Indigenous communities is an important aspect of the overall procurement process. Projects with Indigenous partnerships will be given additional consideration in the proposal evaluation process. Rated criteria points will be available for certain levels of Indigenous participation and for projects situated on the treaty and/or traditional territory(ies) of their Indigenous partner(s).

Can Indigenous communities refuse a project?

Early engagement with Indigenous communities can help to identify the potential for project impacts and how those impacts can be mitigated or accommodated in the early stages of

project development. It is also an important opportunity to build the meaningful relationships and partnerships that can result in community support for projects and successful project development.

Projects located on Indigenous Lands, as defined in the IESO's procurements, must have evidence of Indigenous Support, in the form of an Indigenous Support Resolution, a Blanket Indigenous Support Resolution, or a Support Confirmation letter authorized by a Band Council.

If a municipality has further questions, can you provide appropriate contact information for Ministries and/or agencies?

IESO can assist with questions about the LT2 procurement process at engagement@ieso.ca

The Ministry of Agriculture, Food and Agribusiness (OMAFA) can assist with questions about the Agricultural Impact Assessment and project siting in Prime Agricultural Areas through the Agricultural Information Contact Centre at 1-877-424-1300 or via email at ag.info.omafra@ontario.ca

The Ministry of the Environment, Conservation and Parks (MECP) can assist with questions about wind, solar and bi-energy projects that trigger Renewable Energy Approval requirements (O. Reg 359/09) at REAprogramdelivery@ontario.ca .

For questions about all other types of energy projects that may trigger other MECP approvals/permissions under the EPA, EAA, OWRA, proponents should write to enviropermissions@ontario.ca.

The Ministry of Natural Resources (MNR) can assist with questions about project siting on Crown lands at MNRFRenewableEnergySupport@ontario.ca